



July 12, 2010  
22M:375:JEP:1020



Arnold Schwarzenegger  
Governor

Mr. Jeff Ruster, Director  
San Jose Silicon Valley Workforce Investment Board (work2future)  
City of San Jose Office of Economic Development  
1290 Parkmoor Ave.  
San Jose, CA 95126

Dear Mr. Ruster:

AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA)  
SUMMER YOUTH PROGRAM  
FINAL MONITORING REPORT  
PROGRAM YEAR 2009

This is to inform you of the results of our review for Program Year (PY) 2009 monitoring review of the work2future's (W2F) ARRA Summer Youth Program (SYP). This review was conducted by Ms. Jennifer Patel and Ms. Cindy Parsell from August 31, 2009, through September 3, 2009. Our review consisted of interviews with your staff and a review of the following items: expenditures charged to the ARRA SYP, oversight of your subrecipients, and procurement transactions. In addition, we interviewed service provider staff, SYP participants, and worksite supervisors, and focused on the following areas of your ARRA SYP: eligibility determination, program operations, participant worksites, participant payroll processing, and oversight.

Our review was conducted under the authority of Section 667.410(b)(1), (2) & (3) of Title 20 of the Code of Federal Regulations (20 CFR). The purpose of this review was to determine the level of compliance by W2F with applicable federal and state laws, regulations, policies, and directives related to the ARRA grant.

We collected the information for this report through interviews with representatives of W2F, service provider staff, ARRA SYP worksite supervisors, and ARRA SYP participants. In addition, this report includes the results of our review of sampled case files, W2F's response to Section I and II of the ARRA SYP Onsite Monitoring Guide, and a review of applicable policies and procedures for PY 2009.

We received your response to our draft report on April 28, 2010, and reviewed your comments and documentation before finalizing this report. Because your response adequately addressed findings one and four cited in the draft report, and no further action is required at this time. However, these issues will remain open until we verify the implementation of your stated corrective action plan during a future onsite

review. Until then, these findings are assigned Corrective Action Tracking System (CATS) numbers 10065 and 10068.

However, your response did not address findings two and three cited in the draft report and we consider these findings unresolved. We requested that W2F provide the Compliance Review Office (CRO) with additional information to resolve the issues that led to the findings. Therefore, these findings remain open and have been assigned Corrective Action Tracking System (CATS) numbers 10066 and 10067.

## **BACKGROUND**

The W2F allocated all of its \$4,744,413 ARRA Youth allocation to serve 918 SYP participants. As of the week of August 31, 2009, W2F expended \$255,834 to serve 636 SYP participants.

## **ARRA SYP REVIEW RESULTS**

While we concluded that, overall, W2F is meeting applicable ARRA requirements, we noted instances of noncompliance in the following areas: applicant statements, work permits, program design documentation, and timesheets. The findings that we identified in these areas, our recommendations and the W2F proposed resolution of the findings are specified below.

### **FINDING 1**

#### **Requirement:**

Workforce Investment Act (WIA) 101(25) states, in part, that the term "low-income individual" means an individual who:

- receives, or is a member of a family that receives, cash payments under a Federal, State, or local income-based public assistance program;
- received an income, or is a member of a family that received a total family income, for the 6-month period prior to application for the program involved;
- is a member of a household that receives or is approved to receive food stamps;
- qualifies as a homeless individual;
- is a foster child on behalf of whom State or local government payments are made; or
- is an individual with a disability.

20 CFR Section 663.105 states, in part, that registration is the process for collecting information to support a determination of eligibility. This information may be collected through methods that include electronic data transfer, personal interview, or an individual's application.

WIA Directive (WIAD) 04-18 states, in part, that One-Stop Operators and applicants must make reasonable efforts to

document eligibility for WIA funded programs. However, applicant statements may be used when an item is unverifiable or it is unreasonably difficult for the applicant to obtain. Additionally, Local Workforce Investment Areas are responsible for ensuring that adequate documentation (including applicant statements) is contained in participant case files to minimize the risk of disallowed costs.

The Department of Labor, Training and Employment Guidance Letter (TEGL) 14-08, states, in part, eligibility for youth served with Recovery Act funds is the same as for the WIA Youth program.

**Observation:**

We observed that W2F used applicant statements to verify low-income eligibility for the SYP in 14 of 45 case files reviewed. However, there was no documentation in the case files to substantiate that other efforts were made to obtain eligibility documentation before using a self-certification.

Specifically, we observed that nine of the participant case files reviewed did not contain adequate documentation to substantiate the low income status of the participants. Additionally, we observed five case files that did not contain supporting documentation for food stamp benefits.

Subsequent to our onsite review, W2F provided low-income documentation for six of the nine youth participants referenced above. However, three cases remain unverified. In addition, W2F provided food stamp benefit documentation for one of the five participants referenced above. However, four cases remain unverified.

**Recommendation:**

We recommended that the W2F provide the Compliance Review Office (CRO) with low-income documentation for the three remaining participants and food stamp benefit documentation for the four remaining participants. Additionally, we recommended that the W2F provide CRO with a corrective action plan (CAP) to ensure that, in the future, that all attempts to document program eligibility will be contained in the case file before using a self-certification.

**W2F Response:**

The W2F provided low-income documentation for the three participants referenced above. Additionally, W2F provided food stamp documentation for three of the four unverified cases referenced above. The fourth participant's eligibility was established by verifying that the participant received cash aid.

close this issue until we verify, during a future onsite visit, W2F's successful implementation of its stated corrective action and receive the three participant assessments. Until then, this issue remains open and has been assigned CATS number 10067.

#### **FINDING 4**

**Requirement:** California Code of Regulations, Title 8, Division 1, Chapter 5, Group 2, Article 4, Section 11040 (7)(A)(3) states, in part, that every employer shall keep accurate information with respect to each employee including time records showing when the employee begins and ends each work period. Meal periods, split shift intervals and total daily hours worked shall also be recorded. Meal periods during which operations cease and authorized rest periods need not be recorded.

The Summer Jobs for Youth Work Experience Program (SJYWEP) Participant Handbook states, in part, to sign-in with the exact time you arrived at the worksite, and to sign-out with the exact time you leave work at the end of the workday.

**Observation:** Ten of sixteen SYP service providers did not use sign-in/sign-out sheets that record beginning and ending work periods, meal periods, and total hours. In addition, 6 service providers used the sign-in/sign-out sheets, but did not submit these to the case managers.

**Recommendation:** We recommended that W2F provide CRO with a CAP, including a timeline explaining how it will ensure, in the future, that all the participants utilize a timecard/attendance record that shows when the employee begins and ends each work period including meal periods, split shift intervals, and total daily hours worked.

**W2F Response:** The W2F stated that the following measures will be in place prior to the beginning of any work experience program:

- Worksite supervisors will be trained to assure that timekeeping for participants meets acceptable standards.
- Participant work hours will be reflected not only by a timecard but also by on-site records that indicate time in and out for each daily work period, including meal periods, split shift intervals (if used), and total daily hours worked.
- Program liaison/case managers will compile the timekeeping records each pay period, compare the data with timecards, assure accuracy and resolve

The W2F program management will assure that, effective immediately, for any work experience program that the following issues will be addressed:

- Training will be provided to all staff, including new hires and temporary employees, regarding the extremely restricted acceptability of low-income self-certification as a basis for WIA eligibility for services.
- Training will educate staff members as to what documentation is necessary to validate low-income eligibility, and how to record such documentation in case files and case notes.
- Documentation of training will be recorded at W2F for each trained staff member.
- Self-certification of low-income eligibility will be an exception to low-income eligibility requirements, and the W2F youth manager or deputy director must approve such eligibility in lieu of other acceptable documentation.

**State Conclusion:** The W2F's stated corrective action should be sufficient to resolve this issue and no further corrective action is required. However, we cannot close this issue until we verify, during a future onsite visit, W2F's successful implementation of its stated corrective action. Until then, this issue remains open and has been assigned CATS number 10065.

## **FINDING 2**

**Requirement:** California Education Code Section 49160 states, in part, that no person, firm or corporation shall employ, suffer, or permit any minor under the age of 18 years to work in or in connection with any establishment or occupation, except as provided in Section 49151, without a permit to employ, issued by the proper educational officers in accordance with law.

California Labor Code Section 1299 states, in part, that every person, or agent or officer thereof, employing minors, either directly or indirectly through third persons, shall keep on file all permits and certificates, either to work or to employ.

**Observation:** We found four participants were allowed to begin working 10-31 days prior to the issuance of the work permit. In addition, we found six participants did not have work permits.

**Recommendation:** We recommended that W2F develop a CAP, including a timeline, to ensure that, in the future, participants are not allowed to begin working prior to the issuance of a work permit. Additionally, we

recommended that W2F provide CRO with copies of the work permits for the six participants.

**W2F Response:**

The W2F stated that effective immediately W2F will assure in any work experience program, that the following processes will be adhered to:

- In-school youth will not be allowed to work until fully completed high school work permits are received and verified by the assigned program liaison/case manager.
- Following verification of the work permit, the program liaison/case manager will file the work permit in the individual participant's case file and enter this information into case notes.
- A list of in-school youth enrolled for work experience will be maintained and will include a check box indicating that a valid work permit has been received and placed in the participant's case file.
- Checking for valid work permit will be part of the worksite assignment process. The program liaison/case manager will have a unit lead/supervisor initial at the youth's name on the in-school list as a cross check to assure that youth is properly permitted prior to worksite assignment.
- In addition, work2future will assure that photocopies of a single serialized permit are not used for the issuance of the multiple permits.

Additionally, W2F is currently unable to locate the six missing work permits that are being requested by CRO. The W2F has queried all involved school districts and requested they locate the missing work permits. To-date, the school districts have been unable to provide the missing permits. The W2F is working closely with the school districts to locate the work permits on a daily basis.

**State Conclusion:**

Based on W2F's response, we cannot resolve this issue at this time. The W2F's CAP should be sufficient to ensure future participants do not work without a valid work permit. However, since W2F has been unable to obtain the six work permits to date, we recommend that W2F reverse the work experience charges from the ARRA account, re-allocate the costs to a non-federal funding source, and send CRO documentation of its actions. Until we receive documentation of the reversal of charges for the six participants and verify, during a future on-site visit, W2F's successful implementation of its stated corrective action, this issue remains open and has been assigned CATS number 10066.

**FINDING 3****Requirement:**

20 CFR 664.405(a) 1 and 2 states, in part, the framework for youth program design to include (1) an objective assessment of each participant and (2) individual service strategies (ISS).

TEGL 14-08, states, in part, local areas have the flexibility to determine the type of assessment and ISS for youth served with Recovery Act funds during the summer months only.

In addition, TEGL 14-08 also states, in part, that program design considerations for the WIA youth program consists of the following design elements: Objective Assessment and Individual Service Strategies; Age Appropriate Activities and Work Readiness Goals; Meaningful Work Experience; and Worksites.

Finally, TEGL 14-08 also states, in part, that work experience is the core component of a summer employment program. States and local areas should seek employers that are committed to helping participants receive the experience and training that is required to meet the work readiness goals set for summer employment participants. It is critical that local areas ensure proper worksite supervision in cooperation with both worksite supervisors and program monitors.

WIAD 04-18 states, in part, that local areas are responsible for ensuring that adequate documentation is contained in their participant case files to minimize the risk of disallowed costs.

**Observation:**

Of the 45 case files reviewed, we did not find documentation that participants received an assessment by W2F for its SYP participants. Twenty-seven of 45 case files did not have the Youth Placement Questionnaire that was used by W2F as the assessment for age-appropriate career goals.

Subsequent to our review, W2F sent 24 of 27 questionnaires to CRO. However, 3 questionnaires have not been received.

Additionally, of the 45 case files reviewed, we did not find documentation or agreements between W2F and the worksites describing the job duties and/or the experience and training that will be provided by the worksites. Also, the case files did not contain documentation of the participant's employer name and job title. Furthermore, we could not verify that this information was provided to each worksite supervisor.

Subsequent to our review, W2F provided copies of its initial job referral to participants, which contain the participant name, job title, agency, and worksite name, address and contact. However, the referral is not a worksite agreement and only provides the participant with the employer's contact information for scheduling an interview.

**Recommendation:** We recommended that the W2F provide CRO with the remaining three questionnaires to demonstrate that an assessment was completed for the three participants. In addition, we recommended that W2F provide CRO with copies of the worksite agreements, or comparable documentation to demonstrate the experience and training that was provided by the worksite. Finally, we recommended that the W2F provide a CAP to CRO explaining how it will ensure that, in the future, sufficient documentation is maintained in the case files to demonstrate program compliance.

**W2F Response:** The W2F stated that it was able to locate two of the three participant assessments. The third participant's assessment was based on her interview summary.

The W2F provided copies of its initial job referral to participants and worksite requests.

The W2F stated that in an effort to streamline information between worksites, participants and W2F, the following measures will be established effective immediately in any work experience program:

- All worksites will provide, prior to the assignment of a participant, a job description and job title for every work experience position.
- The work experience program manager or youth manager, including consideration of age appropriateness, must approve each job description and job title.
- Only following the approval of each position at each worksite will participants be assigned, and such assignments will reflect consideration of the experience and training participants will gain from the assignment.

**State Conclusion:** Based on W2F's response, we cannot resolve this issue at this time. The W2F did not provide the two participant assessments and the one participant interview summary referenced above. We recommend that the W2F provide CRO with the three participant assessments. The W2F's CAP should be sufficient to ensure that, in the future, sufficient worksite documentation is maintained. However, we cannot



discrepancies, and file the reconciled worksite timekeeping records along with the timecards.

- A revised timecard will be developed that allows for easy tracking of start/end times and including start/end times of meal periods. We are in the process of developing this form at this time.

**State Conclusion:** The W2F's stated corrective action should be sufficient to resolve this issue and no further corrective action is required. However, we cannot close this issue until we verify, during a future onsite visit, W2F's successful implementation of its stated corrective action. Until then, this issue remains open and has been assigned CATS number 10068.

In addition to the findings above, we identified a condition that may become a compliance issue if not addressed. Specifically, work permits issued by East Side Union High School were issued on September 27, 2007 with permit number 5526. The school used this work permit to white-out the personal information before photocopying for use as a "master". The work permits expired in August 2009 for summer employment. We suggested that East Side Union High School obtain a blank copy of a work permit from the Department of Education's website, instead of copying an expired permit.

In its response, W2F stated that it will assure that photocopies of a single serialized permit are not used for the issuance of multiple permits. The W2F's response adequately addressed our concern and no further action is necessary.

We are providing you up to 20 working days after receipt of this report to submit to the Compliance Review Office your response to this report. Because we faxed a copy of this report to your office on the date indicated above, we request your response no later than August 9, 2010. If we do not receive a response by this date, we will release this report as the final report. Please submit your response to the following address:

Compliance Monitoring Section  
Compliance Review Office  
722 Capitol Mall, MIC 22M  
P.O. Box 826880  
Sacramento, CA 94280-0001

In addition to mailing your response, you may also FAX it to the Compliance Monitoring Section at (916) 654-6096.

Because the methodology for our monitoring review included sample testing, this report is not a comprehensive assessment of all the areas included in our review. It is W2F's responsibility to ensure that its systems, programs, and related activities comply with the ARRA grant program, Federal and State regulations, and applicable

State directives. Therefore, any deficiencies identified in subsequent reviews, such as an audit, would remain W2F's responsibility.

Please extend our appreciation to your staff for their cooperation and assistance during our review. If you have any questions regarding this report or the review that was conducted, please contact Ms. Mechelle Hayes at (916) 654-1292.

Sincerely,

A handwritten signature in black ink, appearing to read "Jessie Mar". The signature is fluid and cursive, with the first name "Jessie" and last name "Mar" clearly distinguishable.

JESSIE MAR, Chief  
Compliance Monitoring Section  
Compliance Review Office

cc: Jose Luis Marquez, MIC 50  
Dathan O. Moore, MIC 50  
Doug Orlando, MIC 50  
Daniel Patterson, MIC 45